

the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 11. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the House March 8, 1984.

Passed the Senate March 8, 1984.

Approved by the Governor March 20, 1984.

Filed in Office of Secretary of State March 20, 1984.

CHAPTER 204

[Engrossed Senate Bill No. 4421]

TIMBER TAX

AN ACT Relating to revenue and taxation; amending section 84.52.080, chapter 15, Laws of 1961 as amended by section 1, chapter 7, Laws of 1965 ex. sess. and RCW 84.52.080; amending section 1, chapter 42, Laws of 1970 ex. sess. and RCW 39.36.015; amending section 1, chapter 294, Laws of 1971 ex. sess. and RCW 84.33.010; amending section 2, chapter 294, Laws of 1971 ex. sess. and RCW 84.33.020; amending section 4, chapter 294, Laws of 1971 ex. sess. as amended by section 7, chapter 62, Laws of 1983 1st ex. sess. and RCW 84.33.040; amending section 2, chapter 146, Laws of 1981 and RCW 84.33.074; amending section 6, chapter 134, Laws of 1980 and RCW 84.33.075; amending section 8, chapter 62, Laws of 1983 1st ex. sess. and RCW 84.33.077; amending section 9, chapter 62, Laws of 1983 1st ex. sess. and RCW 84.33.078; amending section 12, chapter 294, Laws of 1971 ex. sess. as last amended by section 7, chapter 148, Laws of 1981 and RCW 84.33.120; amending section 17, chapter 294, Laws of 1971 ex. sess. as amended by section 226, chapter 3, Laws of 1983 and RCW 84.33.170; amending section 9, chapter 187, Laws of 1974 ex. sess. as amended by section 4, chapter 6, Laws of 1979 and RCW 84.33.200; amending section 82.32.010, chapter 15, Laws of 1961 as last amended by section 219, chapter 3, Laws of 1983 and RCW 82.32.010; adding new sections to chapter 84.28 RCW; adding new sections to chapter 84.33 RCW; creating new sections; repealing section 3, chapter 294, Laws of 1971 ex. sess., section 1, chapter 4, Laws of 1982 2nd ex. sess. and RCW 84.33.030; repealing section 5, chapter 294, Laws of 1971 ex. sess., section 4, chapter 148, Laws of 1972 ex. sess., section 90, chapter 195, Laws of 1973 1st ex. sess., section 3, chapter 187, Laws of 1974 ex. sess., section 2, chapter 148, Laws of 1981 and RCW 34.33.050; repealing section 6, chapter 294, Laws of 1971 ex. sess., section 91, chapter 195, Laws of 1973 1st ex. sess., section 2, chapter 347, Laws of 1977 ex. sess., section 2, chapter 6, Laws of 1979 and RCW 84.33.060; repealing section 1, chapter 347, Laws of 1977 ex. sess., section 1, chapter 6, Laws of 1979, section 1, chapter 148, Laws of 1981, section 2, chapter 4, Laws of 1982 2nd ex. sess., section 59, chapter 3, Laws of 1983 2nd ex. sess. and RCW 84.33.071; repealing section 6, chapter 95, Laws of 1979 ex. sess. and RCW 84.33.072; repealing section 8, chapter 294, Laws of 1971 ex. sess., section 2, chapter 148, Laws of 1972 ex. sess., section 92, chapter 195, Laws of 1973 1st ex. sess., section 2, chapter 187, Laws of 1974 ex. sess., section 8, chapter 123, Laws of 1975-'76 2nd ex. sess., section 3, chapter 347, Laws of 1977 ex. sess., section 3, chapter 6, Laws of 1979, section 6, chapter 4, Laws of 1981, section 1, chapter 8, Laws of 1983 and RCW 84.33.080; repealing section 5, chapter 4, Laws of 1981 and RCW 84.33.085; repealing section 9, chapter 294, Laws of 1971 ex. sess., section 3, chapter 148, Laws of 1972 ex. sess., section 3, chapter 148, Laws of 1981 and RCW 84.33.090; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Composite property tax rate" for a county means the total amount of property taxes levied upon forest lands by all taxing districts in the county other than the state, divided by the total assessed value of all forest land in the county.

(2) "Forest land" means forest land which is classified or designated forest land under this chapter.

(3) "Harvested" means the time when in the ordinary course of business the quantity of timber by species is first definitely determined. The amount harvested shall be determined by the Scribner Decimal C Scale or other prevalent measuring practice adjusted to arrive at substantially equivalent measurements, as approved by the department of revenue.

(4) "Harvester" means every person who from the person's own land or from the land of another under a right or license granted by lease or contract, either directly or by contracting with others for the necessary labor or mechanical services, fells, cuts, or takes timber for sale or for commercial or industrial use. The term does not include persons performing under contract the necessary labor or mechanical services for a harvester.

(5) "Stumpage value of timber" means the appropriate stumpage value shown on tables prepared by the department of revenue under section 11 of this act, provided that for timber harvested from public land and sold under a competitive bidding process, stumpage value shall mean that actual amount paid to the seller in cash or other consideration. Whenever payment for the stumpage includes considerations other than cash, the value shall be the fair market value of the other consideration, provided that if the other consideration is permanent roads, the value of the roads shall be the appraised value as appraised by the seller.

(6) "Timber" means forest trees, standing or down, on privately or publicly owned land, and except as provided in RCW 84.33.170 includes Christmas trees.

(7) "Timber assessed value" for a county means a value, calculated by the department of revenue before October 1 of each year, equal to the total stumpage value of timber harvested from privately owned land in the county during the most recent four calendar quarters for which the information is available multiplied by a ratio. The numerator of the ratio is the rate of tax imposed by the county under section 8 of this act for the year of the calculation. The denominator of the ratio is the composite property tax rate for the county for taxes due in the year of the calculation, expressed as a percentage of assessed value.

(8) "Timber assessed value" for a taxing district means the timber assessed value for the county multiplied by a ratio. The numerator of the ratio is the total assessed value of forest land in the taxing district. The denominator is the total assessed value of forest land in the county. As used in this section, "assessed value of forest land" means the assessed value of forest

land for taxes due in the year the timber assessed value for the county is calculated.

NEW SECTION. Sec. 2. (1) An excise tax is imposed on every person engaging in this state in business as a harvester of timber on privately or publicly owned land. The tax is equal to the stumpage value of timber harvested for sale or for commercial or industrial use multiplied by the rate provided in this chapter.

(2) A credit is allowed against the tax imposed under this section for any tax paid under section 8 of this act.

(3) Moneys received as payment for the tax imposed under this section and section 8 of this act shall be deposited in the timber tax distribution account hereby established in the state general fund.

NEW SECTION. Sec. 3. The rate of tax imposed under section 2 of this act for timber harvested July 1, 1984, through June 30, 1985, shall be six and one-half percent.

NEW SECTION. Sec. 4. The rate of tax imposed under section 2 of this act for timber harvested July 1, 1985, through June 30, 1986, shall be six and one-eighth percent.

NEW SECTION. Sec. 5. The rate of tax imposed under section 2 of this act for timber harvested July 1, 1986, through June 30, 1987, shall be five and three-fourths percent.

NEW SECTION. Sec. 6. The rate of tax imposed under section 2 of this act for timber harvested July 1, 1987, through June 30, 1988, shall be five and three-eighths percent.

NEW SECTION. Sec. 7. The rate of tax imposed under section 2 of this act for timber harvested July 1, 1988, and thereafter, shall be five percent.

NEW SECTION. Sec. 8. (1) The legislative body of any county may impose a tax upon every person engaging in the county in business as a harvester effective October 1, 1984. The tax shall be equal to the stumpage value of timber harvested from privately owned land multiplied by a rate of four percent.

(2) Before the effective date of any ordinance imposing a tax under this section, the county shall contract with the department of revenue for administration and collection of the tax. The tax collected by the department of revenue under this section shall be deposited by the department in the timber tax distribution account. Moneys in the account may be spent only for distributions to counties under section 9 of this act and, after appropriation by the legislature, for the activities undertaken by the department of revenue relating to the collection and administration of the taxes imposed under this section and section 2 of this act. Appropriations are not required for distributions to counties under section 9 of this act.

NEW SECTION. Sec. 9. (1) On the last business day of the second month of each calendar quarter, the state treasurer shall distribute from the timber tax distribution account to each county the amount of tax collected on behalf of each county under section 8 of this act, less each county's proportionate share of appropriations for collection and administration activities under section 8 of this act, and shall transfer to the state general fund the amount of tax collected on behalf of the state under section 2 of this act, less the state's proportionate share of appropriations for collection and administration activities under section 2 of this act. The county treasurer shall deposit moneys received under this section in a county timber tax account which shall be established by each county. Following receipt of moneys under this section, the county treasurer shall make distributions from any moneys available in the county timber tax account to taxing districts in the county, except the state, under subsections (2) through (4) of this section.

(2) From moneys available, there first shall be a distribution to each taxing district having debt service payments due during the calendar year, based upon bonds issued under authority of a vote of the people conducted pursuant to RCW 84.52.056 and based upon excess levies for a capital project fund authorized pursuant to RCW 84.52.053, of an amount equal to the timber assessed value of the district multiplied by the tax rate levied for payment of the debt service and capital projects: PROVIDED, That in respect to levies for a debt service or capital project fund authorized before the effective date of this act, the amount allocated shall not be less than an amount equal to the same percentage of such debt service or capital project fund represented by timber tax allocations to such payments in calendar year 1984. Distribution under this subsection (2) shall be used only for debt service and capital projects payments.

(3) From the moneys remaining after the distributions under subsection (2) of this section, the county treasurer shall distribute to each school district an amount equal to one-half of the timber assessed value of the district or eighty percent of the timber roll of such district in calendar year 1983 as determined under this chapter, whichever is greater, multiplied by the tax rate, if any, levied by the district under RCW 84.52.052 or 84.52.053 for purposes other than debt service payments and capital projects supported under subsection (2) of this section.

(4) After the distributions directed under subsections (2) and (3) of this section, if any, each taxing district shall receive an amount equal to the timber assessed value of the district multiplied by the tax rate, if any, levied as a regular levy of the district or as a special levy not included in subsection (2) or (3) of this section.

(5) If there are insufficient moneys in the county timber tax account to make full distribution under subsection (4) of this section, the county treasurer shall multiply the amount to be distributed to each taxing district under that subsection by a fraction. The numerator of the fraction is the county timber tax account balance before making the distribution under that subsection. The denominator of the fraction is the account balance which would be required to make full distribution under that subsection.

(6) After making the distributions under subsections (2) through (4) of this section in the full amount indicated for the calendar year, the county treasurer shall place any excess revenue up to twenty percent of the total distributions made for the year under subsections (2) through (4) of this section in a reserve status until the beginning of the next calendar year. Any moneys remaining in the county timber tax account after this amount is placed in reserve shall be distributed to each taxing district in the county in the same proportions as the distributions made under subsection (4) of this section.

NEW SECTION. Sec. 10. (1) The taxes imposed under this chapter shall be computed with respect to timber harvested each calendar quarter and shall be due and payable in quarterly installments. Remittance shall be made on or before the last day of the month next succeeding the end of the quarterly period in which the tax accrues. The taxpayer on or before such date shall make out a return, upon such forms and setting forth such information as the department of revenue may require, showing the amount of tax for which the taxpayer is liable for the preceding quarterly period and shall sign and transmit the same to the department of revenue, together with a remittance for the amount of tax.

(2) The taxes imposed by this chapter are in addition to any taxes imposed upon the same persons under chapter 82.04 RCW.

(3) Any harvester incurring less than ten dollars tax liability under this section in any calendar quarter is excused from the payment of such tax, but may be required by the department of revenue to file a return even though no tax may be due.

NEW SECTION. Sec. 11. (1) The department of revenue shall designate areas containing timber having similar growing, harvesting, and marketing conditions to be used as units for the preparation and application of stumpage values. Each year on or before December 31 for use the following January through June 30, and on or before June 30 for use the following July through December 31, the department shall prepare tables of stumpage values of each species or subclassification of timber within these units. The stumpage value shall be the amount that each such species or subclassification would sell for at a voluntary sale made in the ordinary course of business for purposes of immediate harvest. These stumpage values, expressed in terms of a dollar amount per thousand board feet or other unit measure,

shall be determined in a manner which makes reasonable and adequate allowances for age, size, quality, costs of removal, accessibility to point of conversion, market conditions, and all other relevant factors from:

(a) Gross proceeds from sales on the stump of similar timber of like quality and character at similar locations, and in similar quantities;

(b) Gross proceeds from sales of logs adjusted to reflect only the portion of such proceeds attributable to value on the stump immediately prior to harvest; or

(c) A combination of (a) and (b) of this subsection.

(2) Upon application from any person who plans to harvest damaged timber, the stumpage values for which have been materially reduced from the values shown in the applicable tables due to damage resulting from fire, blow down, ice storm, flood, or other sudden unforeseen cause, the department shall revise the stumpage value tables for any area in which such timber is located and shall specify any additional accounting or other requirements to be complied with in reporting and paying the tax.

(3) The preliminary area designations and stumpage value tables and any revisions thereof are subject to review by the ways and means committees of the house of representatives and senate prior to finalization. Tables of stumpage values shall be signed by the director or the director's designee and authenticated by the official seal of the department. A copy thereof shall be mailed to anyone who has submitted to the department a written request for a copy.

(4) On or before the sixtieth day after the date of final adoption of any stumpage value tables, any harvester may appeal to the board of tax appeals for a revision of stumpage values for an area determined pursuant to subsection (3) of this section.

NEW SECTION. Sec. 12. The state timber tax account A and state timber tax reserve account established in RCW 84.33.071 and the timber tax distribution guarantee account established in RCW 84.33.085 shall continue within the state general fund and state treasury, respectively, until all funds remaining therein after complying with subsections (4) and (5) of this section are distributed as follows:

(1) Any remaining timber tax moneys in the state timber tax account A and state timber tax reserve account shall be distributed in the following manner:

(a) Thirty-seven percent to the state general fund for use in support of the common schools.

(b) Subject to appropriation by the legislature, sixty-three percent to the counties of the state in the proportion the receipts of harvester excise tax from each county are to the total receipts of harvester excise tax from all counties in the state in calendar years 1982 and 1983.

(2) Any remaining timber tax moneys in the timber tax distribution guarantee account shall be distributed to the counties in the same proportions and percentages as provided for the state timber tax account A and the state timber tax reserve account on May 1, 1985.

(3) Distributions to the counties under authority of this section shall be deposited in the timber tax account of the counties and disbursed to taxing districts of each county in the same priority and as part of the distributions authorized by section 9 of this act.

(4) The taxes due and payable under RCW 84.33.071 with respect to timber harvested during the second and third quarters of calendar year 1984 shall be collected and deposited in the state treasury as though this act had not been enacted.

(5) The payments required to be made through November 20, 1984, by the state treasurer to the treasurer of each timber county under RCW 84.33.080 shall be made as though this act had not been enacted.

This section shall expire on January 1, 1986.

NEW SECTION. Sec. 13. All sections of chapter 82.32 RCW, except RCW 82.32.045 and 82.32.270, apply to the taxes imposed under this chapter.

Sec. 14. Section 84.52.080, chapter 15, Laws of 1961 as amended by section 1, chapter 7, Laws of 1965 ex. sess. and RCW 84.52.080 are each amended to read as follows:

(1) The county assessor shall extend the taxes upon the tax rolls in the form herein prescribed. The rate percent necessary to raise the amounts of taxes levied for state and county purposes, and for purposes of taxing districts coextensive with the county, shall be computed upon the assessed value of the property of the county; the rate percent necessary to raise the amount of taxes levied for any taxing district within the county shall be computed upon the assessed value of the property of the district; all taxes assessed against any property shall be added together and extended on the rolls in a column headed consolidated or total tax. In extending any tax, whenever it amounts to a fractional part of a cent greater than five mills it shall be made one cent, and whenever it amounts to five mills or less than five mills it shall be dropped. The amount of all taxes shall be entered in the proper columns, as shown by entering the rate percent necessary to raise the consolidated or total tax and the total tax assessed against the property.

(2) For the purpose of computing the rate necessary to raise the amount of any excess levy in a taxing district which has classified or designated forest land under chapter 84.33 RCW, other than the state, the county assessor shall add the district's timber assessed value, as defined in section 1 of this 1984 act, to the assessed value of the property: PROVIDED, That for school districts maintenance and operations levies only one-half of the district's timber assessed value shall be added.

(3) Upon the completion of such tax extension, it shall be the duty of the county assessor to make in each assessment book, tax roll or list a certificate in the following form:

I,, assessor of county, state of Washington, do hereby certify that the foregoing is a correct list of taxes levied on the real and personal property in the county of for the year one thousand nine hundred and

Witness my hand this day of, 19...

., County Assessor

(4) The county assessor shall deliver said tax rolls to the county treasurer on or before the fifteenth day of December, taking his receipt therefor, and at the same time the county assessor shall provide the county auditor with an abstract of the tax rolls showing the total amount of taxes collectible in each of the taxing districts.

Sec. 15. Section 1, chapter 42, Laws of 1970 ex. sess. and RCW 39.36.015 are each amended to read as follows:

Whenever used in this 1970 amendatory act, the term "value of the taxable property" shall mean the actual value of the taxable property in a taxing district incurring indebtedness, as the term "taxing district" is defined in RCW 39.36.010, to be ascertained by the last assessment for state and county purposes previous to the incurring of such indebtedness except that in incorporated cities the assessment shall be taken from the last assessment for city purposes, plus the timber assessed value for the district as defined in section 1 of this 1984 act.

Sec. 16. Section 1, chapter 294, Laws of 1971 ex. sess. and RCW 84.33.010 are each amended to read as follows:

As a result of the study and analysis of systems of taxation of standing timber and forest lands by the forest tax committee pursuant to Senate Concurrent Resolution No. 30 of the 41st session of the legislature, and the recommendations of the committee based thereon, the legislature hereby finds that:

(1) The public welfare requires that this state's system for taxation of timber and forest lands be modernized to assure the citizens of this state and its future generations the advantages to be derived from the continuous production of timber and forest products from the significant area of privately owned forests in this state. It is this state's policy to encourage forestry and restocking and reforestation of such forests so that present and future generations will enjoy the benefits which forest areas provide in enhancing water supply, in minimizing soil erosion, storm and flood damage to persons or property, in providing a habitat for wild game, in providing scenic and recreational spaces, in maintaining land areas whose forests contribute to the natural ecological equilibrium, and in providing employment

and profits to its citizens and raw materials for products needed by everyone.

(2) The combination of variations in quantities, qualities and locations of timber and forest lands, the fact that market areas for timber products are nation-wide and world-wide and the unique long term nature of investment costs and risks associated with growing timber, all make exceedingly difficult the function of valuing and assessing timber and forest lands.

(3) The existing ad valorem property tax system is unsatisfactory for taxation of standing timber and forest land and will significantly frustrate, to an ever increasing degree with the passage of time, the perpetual enjoyment of the benefits enumerated above.

(4) For these reasons it is desirable, in exercise of the powers to promote the general welfare and to impose taxes; that

(a) the ad valorem system for taxing timber be modified and discontinued in stages over a three year period during which such system will be replaced by one under which timber will be taxed on the basis of stumpage value at the time of harvest, and

(b) forest land remain under the ad valorem taxation system but be taxed only as provided in this chapter (~~and RCW 84.33.071~~) and RCW 28A.41.130.

Sec. 17. Section 2, chapter 294, Laws of 1971 ex. sess. and RCW 84.33.020 are each amended to read as follows:

Lands not heretofore so classified, which are primarily devoted to and used for growing and harvesting timber are hereby classified as lands devoted to reforestation and such lands and timber shall be taxed in accordance with the provisions of this chapter (~~and RCW 84.33.071~~) and RCW 28A.41.130.

Sec. 18. Section 4, chapter 294, Laws of 1971 ex. sess. as amended by section 7, chapter 62, Laws of 1983 1st ex. sess. and RCW 84.33.040 are each amended to read as follows:

(~~Except as provided in RCW 84.33.050;~~) Timber on privately owned land or federally owned land shall be exempt from ad valorem taxation.

Sec. 19. Section 2, chapter 146, Laws of 1981 and RCW 84.33.074 are each amended to read as follows:

(1) A small harvester may elect to calculate the tax imposed by (~~RCW 84.33.071~~) this chapter in the manner provided in this section.

(2) Timber shall be considered harvested at the time when in the ordinary course of business the quantity thereof by species is first definitely determined. The amount harvested shall be determined by the Scribner Decimal C Scale or other prevalent measuring practice adjusted to arrive at substantially equivalent measurements, as approved by the department of revenue.

(3) Timber values shall be determined by either of the following methods, whichever is most appropriate to the circumstances of the harvest:

(a) When standing timber is sold on the stump, the taxable value is the actual gross receipts received by the landowner from the sale of the standing timber.

(b) When timber is sold after it has been harvested, the taxable value is the actual gross receipts from sale of the harvested timber minus the costs of harvesting and marketing the timber. When the taxpayer is unable to provide documented proof of harvesting and marketing costs, this deduction for harvesting and marketing costs shall be a percentage of the gross receipts from sale of the harvested timber as determined by the department of revenue but in no case less than twenty-five percent.

(4) The department of revenue shall prescribe a short filing form which shall be as simple as possible.

Sec. 20. Section 6, chapter 134, Laws of 1980 and RCW 84.33.075 are each amended to read as follows:

The excise tax imposed by ~~((RCW 84.33.071))~~ this chapter shall not apply to any timber harvested by a nonprofit organization, association, or corporation from forest lands owned by it, where such lands are exempt from property taxes under RCW 84.36.030, and where all of the income and receipts of the nonprofit organization, association, or corporation derived from such timber sales are used solely for the expense of promoting, operating, and maintaining youth programs which are equally available to all, regardless of race, color, national origin, ancestry, or religious belief.

In order to determine whether the harvesting of timber by a nonprofit organization, association, or corporation is exempt, the director of the department of revenue shall have access to its books.

For the purposes of this section, a "nonprofit" organization, association, or corporation is one: (1) Which pays no part of its income directly or indirectly to its members, stockholders, officers, directors, or trustees except in the form of services rendered by the organization, association, or corporation in accordance with its purposes and bylaws; and (2) which pays salary or compensation to its officers only for actual services rendered, and at levels comparable to the salary or compensation of like positions within the public services of the state.

Sec. 21. Section 8, chapter 62, Laws of 1983 1st ex. sess. and RCW 84.33.077 are each amended to read as follows:

The amount of any property taxes paid on timber standing on public land shall be allowed as a credit against any tax imposed with respect to the business of harvesting timber from publicly owned land under ~~((RCW 84-33.071))~~ section 2 of this 1984 act. However, the amount of credit allowed shall not exceed the amount of excise tax due in respect to the business of harvesting timber from publicly owned land.

Sec. 22. Section 9, chapter 62, Laws of 1983 1st ex. sess. and RCW 84.33.078 are each amended to read as follows:

When any timber standing on public land, other than federally owned land, is sold separate from the land, the department of natural resources or other governmental unit, as appropriate, shall provide each bidder with a written notice clearly stating that timber sold separate from the land is subject to property tax in 1984 and thereafter and that the amount of the tax paid may be used as a credit against any tax imposed with respect to business of harvesting timber from publicly owned land under (~~RCW 84-33.071~~) section 2 of this 1984 act.

Sec. 23. Section 12, chapter 294, Laws of 1971 ex. sess. as last amended by section 7, chapter 148, Laws of 1981 and RCW 84.33.120 are each amended to read as follows:

(1) In preparing the assessment rolls as of January 1, 1982, for taxes payable in 1983 and each January 1st thereafter, the assessor shall list each parcel of forest land at a value with respect to the grade and class provided in this subsection and adjusted as provided in subsection (2) of this section and shall compute the assessed value of the land by using the same assessment ratio he applies generally in computing the assessed value of other property in his county. Values for the several grades of bare forest land shall be as follows.

LAND GRADE	OPERABILITY CLASS	VALUES PER ACRE
1	1	\$141
	2	136
	3	131
	4	95
2	1	118
	2	114
	3	110
	4	80
3	1	93
	2	90
	3	87
	4	66

LAND GRADE	OPERABILITY CLASS	VALUES PER ACRE
4	1	70
	2	68
	3	66
	4	52
5	1	51
	2	48
	3	46
	4	31
6	1	26
	2	25
	3	25
	4	23
7	1	12
	2	12
	3	11
	4	11
8		1

(2) On or before December 31, 1981, the department shall adjust, by rule under chapter 34.04 RCW, the forest land values contained in subsection (1) of this section in accordance with this subsection, and shall certify these adjusted values to the county assessor for his use in preparing the assessment rolls as of January 1, 1982. For the adjustment to be made on or before December 31, 1981, for use in the 1982 assessment year, the department shall:

(a) Divide the aggregate value of all timber harvested within the state between July 1, 1976, and June 30, 1981, by the aggregate harvest volume for the same period, as determined from the harvester excise tax returns filed with the department under RCW 82.04.291 and 84.33.071; and

(b) Divide the aggregate value of all timber harvested within the state between July 1, 1975, and June 30, 1980, by the aggregate harvest volume for the same period, as determined from the harvester excise tax returns filed with the department under RCW 82.04.291 and 84.33.071; and

(c) Adjust the forest land values contained in subsection (1) of this section by a percentage equal to one-half of the percentage change in the average values of harvested timber reflected by comparing the resultant values calculated under (a) and (b) of this subsection.

For the adjustments to be made on or before December 31, 1982, and each succeeding year thereafter, the same procedure shall be followed as described in this subsection utilizing harvester excise tax returns filed under RCW 82.04.291 and (~~84.33.071~~,) this chapter except that this adjustment shall be made to the prior year's adjusted value, and the five-year periods for calculating average harvested timber values shall be successively one year more recent.

(3) In preparing the assessment roll for 1972 and each year thereafter, the assessor shall enter as the true and fair value of each parcel of forest land the appropriate grade value certified to him by the department of revenue, and he shall compute the assessed value of such land by using the same assessment ratio he applies generally in computing the assessed value of other property in his county. In preparing the assessment roll for 1975 and each year thereafter, the assessor shall assess and value as classified forest land all forest land that is not then designated pursuant to RCW 84.33.120(4) or 84.33.130 and shall make a notation of such classification upon the assessment and tax rolls. On or before January 15 of the first year in which such notation is made, the assessor shall mail notice by certified mail to the owner that such land has been classified as forest land and is subject to the compensating tax imposed by this section. If the owner desires not to have such land assessed and valued as classified forest land, he shall give the assessor written notice thereof on or before March 31 of such year and the assessor shall remove from the assessment and tax rolls the classification notation entered pursuant to this subsection, and shall thereafter assess and value such land in the manner provided by law other than this chapter 84.33 RCW.

(4) In any year commencing with 1972, an owner of land which is assessed and valued by the assessor other than pursuant to the procedures set forth in RCW 84.33.110 and this section, and which has, in the immediately preceding year, been assessed and valued by the assessor as forest land, may appeal to the county board of equalization by filing an application with the board in the manner prescribed in subsection (2) of RCW 84.33.130. The county board shall afford the applicant an opportunity to be heard if the application so requests and shall act upon the application in the manner prescribed in subsection (3) of RCW 84.33.130.

(5) Land that has been assessed and valued as classified forest land as of any year commencing with 1975 assessment year or earlier shall continue to be so assessed and valued until removal of classification by the assessor only upon the occurrence of one of the following events:

(a) Receipt of notice from the owner to remove such land from classification as forest land;

(b) Sale or transfer to an ownership making such land exempt from ad valorem taxation;

(c) Determination by the assessor, after giving the owner written notice and an opportunity to be heard, that, because of actions taken by the owner, such land is no longer primarily devoted to and used for growing and harvesting timber;

(d) Determination that a higher and better use exists for such land than growing and harvesting timber after giving the owner written notice and an opportunity to be heard;

(e) Sale or transfer of all or a portion of such land to a new owner, unless the new owner has signed a notice of forest land classification continuance. The signed notice of continuance shall be attached to the real estate excise tax affidavit provided for in RCW 82.45.120, as now or hereafter amended. The notice of continuance shall be on a form prepared by the department of revenue. If the notice of continuance is not signed by the new owner and attached to the real estate excise tax affidavit, all compensating taxes calculated pursuant to subsection (7) of this section shall become due and payable by the seller or transferor at time of sale. The county auditor shall not accept an instrument of conveyance of classified forest land for filing or recording unless the new owner has signed the notice of continuance or the compensating tax has been paid. The seller, transferor, or new owner may appeal the new assessed valuation calculated under subsection (7) of this section to the county board of equalization. Jurisdiction is hereby conferred on the county board of equalization to hear these appeals.

The assessor shall remove classification pursuant to subsections (c) or (d) above prior to September 30 of the year prior to the assessment year for which termination of classification is to be effective. Removal of classification as forest land upon occurrence of subsection (a), (b), (d), or (e) above shall apply only to the land affected, and upon occurrence of subsection (c) shall apply only to the actual area of land no longer primarily devoted to and used for growing and harvesting timber: PROVIDED, That any remaining classified forest land meets necessary definitions of forest land pursuant to RCW 84.33.100 as now or hereafter amended.

(6) Within thirty days after such removal of classification as forest land, the assessor shall notify the owner in writing setting forth the reasons for such removal. The owner of such land shall thereupon have the right to apply for designation of such land as forest land pursuant to subsection (4) of this section or RCW 84.33.130. The seller, transferor, or owner may appeal such removal to the county board of equalization.

(7) Unless the owner successfully applies for designation of such land or unless the removal is reversed on appeal, notation of removal from classification shall immediately be made upon the assessment and tax rolls, and commencing on January 1 of the year following the year in which the assessor made such notation, such land shall be assessed on the same basis as real property is assessed generally in that county. Except as provided in ((subsection[s])) subsections (5)(e) and (9) of this section and unless the

assessor shall not have mailed notice of classification pursuant to subsection (3) of this section, a compensating tax shall be imposed which shall be due and payable to the county treasurer thirty days after the owner is notified of the amount of the compensating tax. As soon as possible, the assessor shall compute the amount of such compensating tax and mail notice to the owner of the amount thereof and the date on which payment is due. The amount of such compensating tax shall be equal to:

(a) The difference, if any, between the amount of tax last levied on such land as forest land and an amount equal to the new assessed valuation of such land multiplied by the dollar rate of the last levy extended against such land, multiplied by

(b) A number, in no event greater than ten, equal to the number of years, commencing with assessment year 1975, for which such land was assessed and valued as forest land.

(8) Compensating tax, together with applicable interest thereon, shall become a lien on such land which shall attach at the time such land is removed from classification as forest land and shall have priority to and shall be fully paid and satisfied before any recognizance, mortgage, judgment, debt, obligation or responsibility to or with which such land may become charged or liable. Such lien may be foreclosed upon expiration of the same period after delinquency and in the same manner provided by law for foreclosure of liens for delinquent real property taxes as provided in RCW 84.64.050. Any compensating tax unpaid on its due date shall thereupon become delinquent. From the date of delinquency until paid, interest shall be charged at the same rate applied by law to delinquent ad valorem property taxes.

(9) The compensating tax specified in subsection (7) of this section shall not be imposed if the removal of classification as forest land pursuant to subsection (5) of this section resulted solely from:

(a) Transfer to a government entity in exchange for other forest land located within the state of Washington;

(b) A taking through the exercise of the power of eminent domain, or sale or transfer to an entity having the power of eminent domain in anticipation of the exercise of such power;

(c) Sale or transfer of land within two years after the death of the owner of at least a fifty percent interest in such land.

(10) With respect to any land that has been designated prior to May 6, 1974, pursuant to RCW 84.33.120(4) or 84.33.130, the assessor may, prior to January 1, 1975, on his own motion or pursuant to petition by the owner, change, without imposition of the compensating tax provided under RCW 84.33.140, the status of such designated land to classified forest land.

Sec. 24. Section 17, chapter 294, Laws of 1971 ex. sess. as amended by section 226, chapter 3, Laws of 1983 and RCW 84.33.170 are each amended to read as follows:

Notwithstanding any provision of this chapter to the contrary, this chapter shall not exempt from the ad valorem tax nor subject to the excise tax imposed by (~~RCW 84.33.071~~) this chapter, Christmas trees which are grown on land which has been prepared by intensive cultivation and tilling, such as by plowing or turning over the soil, and on which all unwanted plant growth is controlled continuously for the exclusive purpose of raising such Christmas trees, and such land on which such Christmas trees stand shall not be taxed as provided in RCW 84.33.100 through 84.33.140.

Sec. 25. Section 9, chapter 187, Laws of 1974 ex. sess. as amended by section 4, chapter 6, Laws of 1979 and RCW 84.33.200 are each amended to read as follows:

(1) The legislature shall review the system of distribution and allocation of all timber excise tax revenues in January, 1975 and each year thereafter to provide a uniform and equitable distribution and allocation of such revenues to the state and local taxing districts.

(2) In order to allow legislative review of the rules and regulations to be adopted by the department of revenue establishing the stumpage (~~value index~~) values provided for in (~~RCW 84.33.071(3)~~) section 11 of this 1984 act, such rules and regulations shall be effective not less than sixty days after transmitting to the staffs of the senate and house ways and means committees (or their successor committees) the same proposed rules and regulations as shall have been previously filed with the office of the code reviser pursuant to RCW 34.04.025(1)(a).

(3) In the event that a permanent timber tax rate is not set in 1979, a joint timber tax advisory committee shall be established. The joint advisory committee shall be composed of members of the house of representatives and the senate and co-chaired by a member of the house revenue committee and a member of the senate ways and means committee. The joint advisory committee shall recommend a rate level and distribution system on or before the convening of the forty-seventh legislature.

(4) The department of revenue and the department of natural resources shall make available to the revenue committees of the senate and house of representatives of the state legislature information and data, as it may be available, pertaining to the status of forest land grading throughout the state, the collection of timber excise tax revenues, the distribution and allocation of timber excise tax revenues to the state and local taxing districts, and any other information as may be necessary for the proper legislative review and implementation of the timber excise tax system, and in addition, the departments shall provide an annual report of such matters in January of each year to such committees.

Sec. 26. Section 82.32.010, chapter 15, Laws of 1961 as last amended by section 219, chapter 3, Laws of 1983 and RCW 82.32.010 are each amended to read as follows:

The provisions of this chapter shall apply with respect to the taxes imposed under chapters 82.04 through ~~((82.27))~~ 82.29A RCW of this title ~~((and))~~, under chapter 84.33 RCW ~~((84.33.071))~~, and under other titles, chapters, and sections in such manner and to such extent as indicated in each such title, chapter, or section.

NEW SECTION. Sec. 27. The legislature finds that two separate systems are used in the taxation of forest land and the timber and forest crops grown thereon. Less than eight percent of private forest land is taxed under the system enacted in 1931; over ninety-two percent is taxed under the 1971 law. The policies established under RCW 84.28.005 in 1931 and RCW 84.33.010 in 1971 will be carried out more efficiently and equitably under a single uniform taxing system. It is the purpose of sections 28 through 43 of this act to phase out the system enacted in 1931 for taxation of forest land and forest crops and to integrate the taxation of that land and forest crops into the tax system enacted in 1971.

NEW SECTION. Sec. 28. There is added to chapter 84.28 RCW a new section to read as follows:

The classification of land as reforestation land under this chapter is terminated, effective July 1, 1984. Effective July 1, 1984, this land shall be classified forest land under chapter 84.33 RCW and this land and the timber standing thereon shall be subject to all provisions of chapter 84.33 RCW.

NEW SECTION. Sec. 29. There is added to chapter 84.28 RCW a new section to read as follows:

As used in this chapter, "reclassified reforestation land" means land for which the classification has terminated under section 28 of this act.

NEW SECTION. Sec. 30. There is added to chapter 84.28 RCW a new section to read as follows:

The county assessor of a county in which there are reclassified reforestation lands shall notify each owner of record of reclassified reforestation land of the reclassification prior to August 1, 1984. If the owner desires to remove any such land from classification as reclassified reforestation land, the owner shall file an application for removal from classification of the land by legal description prior to October 1, 1984. The application for declassification shall be accompanied by a payment equal to six percent of the stumpage value of any commercial timber standing on the land as of July 1, 1984. The assessor shall accept the request for removal from classification but may ask for an appraisal of the standing timber certified by an experienced timber cruiser before final acceptance of the payment due. Upon final approval and payment of the proper amount, the assessor shall assess the land at its value for highest and best use as of January 1, 1985.

NEW SECTION. Sec. 31. There is added to chapter 84.28 RCW a new section to read as follows:

In preparing the assessment rolls as of January 1, 1985, for taxes payable in 1986, the assessor shall list, prior to May 31, 1985, each parcel of reclassified reforestation land at the values set in accordance with RCW 84.33.120. For the purpose of calculating the limitation on tax levies under chapter 84.35 RCW, the increase in assessed valuation of reclassified reforestation land entered on the tax rolls as of January 1, 1985, shall be treated the same as increases resulting from new construction. Reclassified reforestation land shall be considered to have been designated or classified forest land for a period in excess of ten years for purposes of calculating any compensating tax which may become payable under RCW 84.33.140.

NEW SECTION. Sec. 32. There is added to chapter 84.33 RCW a new section to read as follows:

There shall be paid by each owner of reclassified reforestation lands, as defined in section 29 of this act, in lieu of the excise tax rate imposed under section 2 of this act, a rate equal to twelve and one-half percent, minus the amounts specified in this chapter. Such tax shall be paid and distributed as follows:

(1) The amount of taxes payable equal to the amount of taxes which would be payable if the rate under this section equaled the rate imposed under section 2 of this act shall be paid and distributed as provided in this chapter.

(2) The amount of taxes payable in excess of the amount of taxes which would be payable if the rate under this section equaled the rate imposed under section 2 of this act shall be paid by the harvester to the department of revenue. The department of revenue shall distribute these receipts, less amounts appropriated for administration, on or before March 15 of the year following the harvest to the county treasurer of the county in which the timber was harvested. The county treasurer shall distribute these receipts to local taxing districts in the county in which the timber was harvested in the same manner as the distributions of tax receipts under chapter 84.28 RCW.

For timber harvested from reclassified reforestation lands, as defined in section 29 of this act, for the period July 1, 1984, through December 31, 1984, the tax shall be paid prior to January 31, 1985, and such tax revenue shall be distributed to the state and local taxing districts in the same manner as if the timber were harvested after October 1, 1984.

NEW SECTION. Sec. 33. There is added to chapter 84.33 RCW a new section to read as follows:

For timber harvested July 1, 1984, through December 31, 1984, the rate provided in section 32 of this act shall be reduced by one percent.

NEW SECTION. Sec. 34. There is added to chapter 84.33 RCW a new section to read as follows:

For timber harvested in 1985, the rate provided in section 32 of this act shall be reduced by two percent.

NEW SECTION. Sec. 35. There is added to chapter 84.33 RCW a new section to read as follows:

For timber harvested in 1986, the rate provided in section 32 of this act shall be reduced by three percent.

NEW SECTION. Sec. 36. There is added to chapter 84.33 RCW a new section to read as follows:

For timber harvested in 1987, the rate provided in section 32 of this act shall be reduced by three and one-half percent.

NEW SECTION. Sec. 37. There is added to chapter 84.33 RCW a new section to read as follows:

For timber harvested in 1988, the rate provided in section 32 of this act shall be reduced by four percent.

NEW SECTION. Sec. 38. There is added to chapter 84.33 RCW a new section to read as follows:

For timber harvested in 1989, the rate provided in section 32 of this act shall be reduced by four and one-half percent.

NEW SECTION. Sec. 39. There is added to chapter 84.33 RCW a new section to read as follows:

For timber harvested in 1990, the rate provided in section 32 of this act shall be reduced by five percent.

NEW SECTION. Sec. 40. There is added to chapter 84.33 RCW a new section to read as follows:

For timber harvested in 1991, the rate provided in section 32 of this act shall be reduced by five and one-half percent.

NEW SECTION. Sec. 41. There is added to chapter 84.33 RCW a new section to read as follows:

For timber harvested in 1992, the rate provided in section 32 of this act shall be reduced by six percent.

NEW SECTION. Sec. 42. There is added to chapter 84.33 RCW a new section to read as follows:

For timber harvested in 1993, the rate provided in section 32 of this act shall be reduced by six and one-half percent.

NEW SECTION. Sec. 43. There is added to chapter 84.33 RCW a new section to read as follows:

For timber harvested in 1994, and thereafter, the rate provided in section 32 of this act shall be reduced by seven and one-half percent.

NEW SECTION. Sec. 44. The department of revenue shall audit the records of each county in which there are forest lands classified under

chapter 84.28 RCW for the purpose of determining compliance with chapter 84.28 RCW in respect to the collection of yield taxes on timber harvested and the disposition of such moneys for the period 1980 through 1984. The department of revenue shall advise the state treasurer of any underpayment or overpayment of moneys due the state and may enter into an agreement with the county treasurer relieving the county of any further liability under chapter 84.28 RCW.

NEW SECTION. Sec. 45. Nothing in sections 28 through 43 of this act excuses or discharges any person from the yield tax imposed by RCW 84.28.110 with respect to timber harvested from reforestation lands prior to July 1, 1984.

NEW SECTION. Sec. 46. Sections 1 through 13 of this act are each added to chapter 84.33 RCW.

NEW SECTION. Sec. 47. The following acts or parts of acts are each repealed:

(1) Section 3, chapter 294, Laws of 1971 ex. sess., section 1, chapter 4, Laws of 1982 2nd ex. sess. and RCW 84.33.030;

(2) Section 5, chapter 294, Laws of 1971 ex. sess., section 4, chapter 148, Laws of 1972 ex. sess., section 90, chapter 195, Laws of 1973 1st ex. sess., section 3, chapter 187, Laws of 1974 ex. sess., section 2, chapter 148, Laws of 1981 and RCW 84.33.050;

(3) Section 6, chapter 294, Laws of 1971 ex. sess., section 91, chapter 195, Laws of 1973 1st ex. sess., section 2, chapter 347, Laws of 1977 ex. sess., section 2, chapter 6, Laws of 1979 and RCW 84.33.060;

(4) Section 1, chapter 347, Laws of 1977 ex. sess., section 1, chapter 6, Laws of 1979, section 1, chapter 148, Laws of 1981, section 2, chapter 4, Laws of 1982 2nd ex. sess., section 59, chapter 3, Laws of 1983 2nd ex. sess. and RCW 84.33.071;

(5) Section 6, chapter 95, Laws of 1979 ex. sess. and RCW 84.33.072;

(6) Section 8, chapter 294, Laws of 1971 ex. sess., section 2, chapter 148, Laws of 1972 ex. sess., section 92, chapter 195, Laws of 1973 1st ex. sess., section 2, chapter 187, Laws of 1974 ex. sess., section 8, chapter 123, Laws of 1975-'76 2nd ex. sess., section 3, chapter 347, Laws of 1977 ex. sess., section 3, chapter 6, Laws of 1979, section 6, chapter 4, Laws of 1981, section 1, chapter 8, Laws of 1983 and RCW 84.33.080;

(7) Section 5, chapter 4, Laws of 1981 and RCW 84.33.085; and

(8) Section 9, chapter 294, Laws of 1971 ex. sess., section 3, chapter 148, Laws of 1972 ex. sess., section 3, chapter 148, Laws of 1981 and RCW 84.33.090.

NEW SECTION. Sec. 48. This act shall not be construed as affecting any existing right acquired or liability or obligation incurred under the sections amended or repealed in this act or under any rule, regulation, or order

adopted under those sections, nor as affecting any proceeding instituted under those sections.

NEW SECTION. Sec. 49. This act shall take effect July 1, 1984.

Passed the Senate March 6, 1984.

Passed the House March 7, 1984.

Approved by the Governor March 21, 1984.

Filed in Office of Secretary of State March 21, 1984.

CHAPTER 205

[Substitute Senate Bill No. 4416]

UNEMPLOYMENT COMPENSATION

AN ACT Relating to unemployment insurance; amending section 80, chapter 35, Laws of 1945 as last amended by section 11, chapter 23, Laws of 1983 1st ex. sess. and RCW 50.20-.120; amending section 89, chapter 35, Laws of 1945 as last amended by section 9, chapter 33, Laws of 1977 ex. sess. and RCW 50.24.010; amending section 10, chapter 2, Laws of 1970 ex. sess. as last amended by section 17, chapter 23, Laws of 1983 1st ex. sess. and RCW 50.29-.010; amending section 11, chapter 2, Laws of 1970 ex. sess. as amended by section 6, chapter 228, Laws of 1975 1st ex. sess. and RCW 50.29.020; adding new sections to chapter 50.20 RCW; adding new sections to chapter 50.29 RCW; creating a new section; repealing section 15, chapter 2, Laws of 1970 ex. sess., section 13, chapter 158, Laws of 1973 1st ex. sess., section 18, chapter 23, Laws of 1983 1st ex. sess. and RCW 50.29.060; providing effective dates; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 80, chapter 35, Laws of 1945 as last amended by section 11, chapter 23, Laws of 1983 1st ex. sess. and RCW 50.20.120 are each amended to read as follows:

(1) Subject to the other provisions of this title, benefits shall be payable to any eligible individual during the individual's benefit year in a maximum amount equal to the lesser of thirty times the weekly benefit amount (determined hereinafter) or one-third of the individual's base year wages under this title: PROVIDED, That as to any week beginning on and after March 31, 1981, which falls in an extended benefit period as defined in RCW 50.22.010(1), as now or hereafter amended, an individual's eligibility for maximum benefits in excess of twenty-six times his or her weekly benefit amount will be subject to the terms and conditions set forth in RCW 50.22.020, as now or hereafter amended.

(2) An individual's weekly benefit amount shall be an amount equal to one twenty-fifth of the average quarterly wages of the individual's total wages during the two quarters of the individual's base year in which such total wages were highest. The maximum and minimum amounts payable weekly shall be determined as of each June 30th to apply to benefit years beginning in the twelve-month period immediately following such June 30th. The maximum amount payable weekly shall be fifty-five percent of the "average weekly wage" for the calendar year preceding such June 30th: